

**STATEMENT OF
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U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
ENVIRONMENT AND PUBLIC WORKS COMMITTEE
HEARING ON
THE PRESIDENT'S FY 2002 BUDGET REQUEST**

MAY 15, 2001

Mr. Chairman and Members of the Committee, I am pleased to be here to discuss President Bush's request for EPA. The President's budget provides the necessary funds for the Agency to carry out our mission efficiently and effectively – to protect human health and safeguard the environment. The FY 2002 request is \$7.3 billion, a \$56 million increase compared to last year's request.

The President's FY2002 budget request for EPA reflects a commitment to increase partnerships across America to develop innovative environmental programs that ensure stewardship of our land, air, and water for generations to come. This request provides the resources and vision necessary to fulfill our nation's environmental mission to protect the environment and human health.

Each day, America's communities are developing environmental experience and expertise. Sharing this expertise with the Agency will help us reach our goals. The states and tribes receive about half of EPA's budget, because they are the innovators and energizers and are on the front line in implementing and enforcing our environmental statutes. The FY 2002 request for states, tribes and EPA partners is \$3.3 billion, almost \$500 million more than was requested by the previous Administration.

The President's request for EPA reflects a commitment to provide more flexibility to states and local communities to craft solutions to meet their unique environmental needs.

New Enforcement Grant Program

The President's Budget for FY 2002 includes \$25 million for grants to state enforcement programs. Each year, the states conduct about 95% of the nation's environmental compliance inspections and take about 90% of the enforcement actions. In 1999, the States conducted 471,000 inspections while EPA conducted 21,800 inspections nationwide. This grant program will benefit the national environmental enforcement program by providing states much-needed funds to enhance their enforcement efforts in delegated environmental programs. EPA envisions a program which includes three ingredients: a program for which there is accountability for results, flexibility to use the dollars to

address state environmental priorities, and a program that is simple and efficient to administer. Over the next several months, EPA plans to work with the states to develop specific guidelines for the grant program. As we proceed through this process, we will keep the Subcommittee informed of our progress.

The President's budget includes \$475 M for enforcement activities nationwide. This request represents a \$10 million increase compared to enacted FY2001 level. EPA will continue to have a vital role in shaping and carrying out the nation's environmental compliance and enforcement program. EPA will continue to take actions where there are significant violations at companies with facilities in more than one state, where states do not yet have delegated programs, and where the federal government is the statutory lead. We will continue to assist states when requested and when they can not get the job done.

Information Exchange Network

The budget request also includes a \$25 million program intended to improve the states' environmental information systems. This program will help states and EPA create the necessary infrastructure to efficiently exchange information electronically, which will reduce burden, improve accuracy and inform decision-making. This request reflects two years of collaboration with the states, with whom EPA has created a Network blueprint to improve the nation-wide exchange of environmental information. As an example of our ongoing efforts with the states in this area, in June 2001 all states will have the opportunity to begin submitting their Air Emissions Inventory data using the Information Exchange Network, demonstrating the progress made so far.

Superfund

This budget continues a commitment to clean up toxic waste sites with \$1.3 billion for the Superfund program. The Agency's Superfund program responds to the needs of states, communities and the public to address contamination from uncontrolled releases of toxic wastes that threaten human health, the environment and local economies. The Superfund program not only protects human health and the environment through the cleanup of toxic waste sites, but works with both public and private partners to promote redevelopment of Superfund sites. The President's budget proposes funding Superfund at the FY 2001 appropriated level.

Cleanup construction is under way or completed at 92% of the 1,458 sites on the Federal National Priority List (NPL). In FY 2002, the Superfund program and its partners will complete construction at 65 private and Federal sites. This target reflects funding reductions in prior fiscal years and the number of large, complex sites now entering the construction phase of the Superfund pipeline. By the end of FY 2002, EPA will have undertaken more than 6,800 removals at hazardous waste sites to immediately reduce the threat to human health and the environment.

Working with our Federal partners to clean up Federal Facilities, the FY 2002 budget includes resources to support continuing cleanup oversight, technical assistance and property transfer at Federal NPL and Base Realignment and Closure (BRAC) sites. Efforts to support the Department of Defense's (DOD's) BRAC property transfer program have created jobs and accelerated the availability of more than 350,000 acres for reuse.

Brownfields

In the President's FY 2002 budget, the brownfields program request is increased by \$5 million above last year's enacted level, for a total of \$98 million. These resources will be used to provide additional support for State Voluntary Cleanup Programs and the Brownfields Assessment Demonstration Pilot program. The FY 2002 funding request provides the resources necessary to award 38 communities new Brownfields Assessment Demonstration Pilots, 29 new Brownfields Cleanup Revolving Loan Fund pilots, and ten new job training pilots. The request includes supplemental funding for all three existing pilot programs, the existing 28 Showcase communities, and for state/tribal voluntary cleanup programs.

President Bush has made the clean up and redevelopment of brownfields and the enactment of brownfields legislation a priority. The brownfields program is an important urban redevelopment tool that provides an alternative to the development of greenfields, and plays a key role in the Administration's goal of building strong and healthy communities for the 21st century. The Agency estimates that the brownfields program has leveraged more than an estimated \$2.9 billion in cleanup and redevelopment funds. Through the EPA program, states, tribes and local communities have assessed more than 2,500 sites.

I was pleased to see the Senate pass S.350 on April 25th by a vote of 99 to 0. As many of you know, since you were original sponsors of the bill, this was good news for the nation. The bill encourages brownfields redevelopment by clarifying Superfund liability and funding Brownfields cleanups that will make our communities safer and cleaner. This bill reflects the Bush Administration's belief that environmental protection and economic prosperity do go hand in hand. The vote is an overwhelming endorsement of Brownfields programs that: strengthen partnerships among states and local community groups and developers; improve public health; boost local property tax rolls and provide jobs. I look forward to working with the House to earn its bipartisan endorsement of Brownfields legislation and encourage quick congressional enactment of brownfields legislation.

I also hope you will support the Administration's efforts to make the brownfields tax incentive permanent. As you know, the brownfields tax incentive will expire at the end of 2003. Making this provision permanent will remove any doubt among taxpayers as to the future deductibility of remediation costs and would promote the goal of encouraging cleanup and redevelopment at brownfields sites.

Water Infrastructure Funding

The President's budget includes \$2.1 billion in grants to states for water infrastructure to ensure that safe and clean water is supplied in every American community. With respect to wastewater infrastructure, the Administration proposes \$1.3 billion for grants to states in FY 2002, \$500 million more than the previous Administration's FY 2001 request. Included in the wastewater infrastructure request is a new \$450 million grant program to assist local communities in addressing infrastructure needs related to Combined Sewer Overflows (CSOs) and Sanitary Sewer Overflows (SSOs) to address the largest remaining municipal wastewater problem, and \$850 million for continued capitalization of state Clean Water State Revolving Loan Funds (CWSRF). The CWSRF investment keeps EPA on track with our commitment to meet the goal for the CWSRF to provide \$2 billion average in annual financial assistance over the long-term even after Federal assistance ends.

Supporting Core Water Quality Programs

The President's request fully maintains support for EPA's core water quality programs, including \$170 million in grants to states under Clean Water Act Section 106 to manage water quality programs and \$237 million for grants under the Section 319 nonpoint source program to address polluted runoff. We recommend the elimination of the cap on Section 319 grants to Indian Tribes. This budget includes \$2 million for "BEACHES" grants to support the development of beach monitoring and notification programs at the state and local level.

In addition, the budget maintains support for EPA's most critical core programs including efforts to:

- Work cooperatively with states to develop Total Maximum Daily Loads (TMDLs) for the states most impaired waters;
- Train and provide technical assistance to states to aid in the adoption and implementation of new drinking water standards;
- Reduce the backlog of expired wastewater discharge permits under the National Pollutant Discharge Elimination System (NPDES); and
- Work to ensure that states have protective, up-to-date water quality standards in place.

The budget also maintains funding of \$75 million to address priority water and wastewater infrastructure needs along the U.S.-Mexico border, and \$35 million to support much needed water and wastewater projects in Alaska rural and Native Villages. Also, in recognition of the lack of basic wastewater infrastructure that exists in much of Indian Country, the President is proposing to extend authority granted by the Congress for the current fiscal year that allows

the Agency to reserve up to one-and-a-half percent of funds appropriated for the Clean Water SRFs for wastewater grants to tribes.

Drinking Water SRF

With regard to drinking water, the Administration proposes to maintain capitalization of the drinking water SRF at current levels in FY 2002, \$823 million. By the end of FY 2002, state drinking water SRFs will have awarded 2,400 loans, with about 850 SRF funded projects having initiated operations by that date.

In addition, the Safe Drinking Water Act Amendments of 1996 included a provision that allows states flexibility to transfer funds between their clean water and drinking water SRFs in order to address their most compelling infrastructure needs. Under the President's Budget, the Administration is proposing to allow states to continue to exercise this important flexibility.

Arsenic

With respect to arsenic, on April 23rd we proposed extending the effective date for nine months, until February 22, 2002, in order to review the science pertaining to health risks and to better assess compliance costs and benefits associated with a new standard. Our plan during this review period is to propose a new rule and take comments on various possible regulatory options and the associated issues. We have asked the National Academy of Sciences to review the health issues and a subgroup of the National Drinking Water Advisory Council to examine compliance cost issues. We are also developing a process to review the benefits estimates. We plan to publish a Notice of Data Availability (NODA) with the findings of that review process and then finalize the rule based upon the comments on the proposed rule and on the NODA.

Ensuring Clean Air

The President's FY 2002 budget request maintains current funding for EPA's clean air program, \$565 million, allowing us to continue the progress of past years. Almost \$220 million or 40 percent of the budget request is designated for our state, tribal, and local partners to help carry out their responsibilities under the Clean Air Act.

In 1990, Congress passed the Clean Air Act Amendments with overwhelming support, setting ambitious air pollution reduction goals. Since then, the nation has achieved unprecedented success in cleaning our air and protecting public health. Working with state, tribal, and local partners, we have achieved these successes through rulemakings, voluntary measures, market mechanisms, and stakeholder consultation.

The Clean Air Act has succeeded in improving the air quality in our cities. Since 1970, air emissions have decreased nationally for five of the six common pollutants subject to air quality

standards. Moreover, in FY2002 we expect increases in the number of areas with clean air and more areas that will come into compliance with national clean air health standards .

Our cars and fuels are cleaner. The average new car is over 90 percent cleaner (in terms of emissions) than in 1970. More than 30 percent of the nation's gasoline is now cleaner- burning, reformulated gasoline. We will continue to implement gasoline sulfur reductions and the cleanest ever emissions standards for cars, sport utility vehicles (SUVs), pick-up trucks and minivans. In addition, the Administration is moving forward to implement new diesel truck and fuel standards that by 2007 will achieve emission reductions of 95% for hydrocarbons, and 90% reductions for particulate matter and NOx, resulting in substantial public health benefits.

We have issued technology-based air toxics rules, or maximum achievable control technology (or "MACT") standards, that by 2002, will reduce industrial air toxics by an estimated cumulative 40% from 1993 levels, or 1.5 million tons per year. Through FY 2000, emissions of air toxics have declined 30 percent since the 1993 implementation of the MACT program and the auto emission standards. The FY 2002 budget request includes the resources needed to complete the last round of MACT standards.

The Acid Rain Program has succeeded in reducing sulfur dioxide (SO₂) emissions from electric utilities by approximately 28 percent, or 5 million tons. In addition, rainfall acidity in the East has been reduced by 25 percent. When Title IV is fully implemented in 2010 there will be a reduction in annual cases of premature mortality, due to reductions in SO₂ and nitrogen oxide levels. Acid rain control will also produce significant benefits in terms of improved visibility, lowered surface water acidity, and less damage to high elevation forests and materials. However, more work remains. Recent ecological studies have found that the problem of acid rain persists. To further reduce emissions of SO₂ and NOx emissions from power plants, we look forward to working with the Congress on a multi-pollutant strategy.

Although substantial progress has been made, it is important not to lose sight of the magnitude of the air pollution problem that still remains. In 1999, more than 150 million tons of air pollution were released into the air in the United States, and approximately 62 million people lived in counties where monitored data showed unhealthy air for one or more of the six common pollutants.

In FY 2002, we will continue our work with states to reduce transported emissions of nitrogen oxides that contribute significantly to urban smog in downwind areas. Currently, 15 of the 19 states subject to the NOx SIP Call have plans that EPA has approved or expects to approve. When fully implemented, the NOx SIP Call will achieve nearly a million ton reduction in NOx emissions. During FY 2002 we will be re-engineering the information technology support structure for the allowance and emissions tracking systems to provide for improved public access and timely exchange of data with state partners.

Addressing Global Warming

To address the challenge of global warming, the FY 2002 budget request is \$145 million for voluntary and climate change science programs. This request allows EPA to continue its partnership efforts with businesses, organizations, and consumers to achieve greenhouse gas reductions by taking advantage of the many voluntary opportunities to reduce pollution and energy bills by fostering energy efficient programs, products, technologies, and cost-effective renewable energy.

EPA's FY 2002 budget request will help us meet the following goals:

- Reduce greenhouse gas emissions annually by more than 73 million metric tons of carbon equivalent, offsetting about 20 percent of the growth in U.S. greenhouse gas emissions above 1990 levels;
- Reduce other forms of pollution, including reducing NOx emissions by about 180,000 tons;
- Reduce U.S. energy consumption by more than 85 billion kilowatt hours, contributing to at least \$6 billion in energy savings to consumers and businesses that use energy efficient products; and
- Contribute to developing a new generation of fuel efficient and low-polluting cars and trucks.

We have a tremendous opportunity to save on our nation's \$600 billion annual energy bill over the next decade and reduce greenhouse gas emissions and other forms of air pollution. EPA's voluntary energy efficiency programs will help capitalize on this tremendous opportunity for consumers, businesses, and organizations to make smarter equipment purchasing and investment decisions leading to a significant reduction of U.S. greenhouse gas emissions and air pollutants. Voluntary initiatives to reduce vehicle miles traveled have enormous potential to provide near-term reductions in energy consumption, air pollution and greenhouse gas emissions.

Ensuring Safe Food and Protecting the Public from Harmful Chemicals

The President's 2002 Budget request supports the important work of applying the latest science to ensure industrial chemicals and pesticides meet today's safety standards. The budget also supports the complementary protections brought through pollution prevention and voluntary partnerships.

For our pesticides programs, we have carried forward earlier increases, maintaining the registration program at \$41 million to keep a steady flow of new pesticides coming onto the market, many of which are based on innovative and safer chemistry. Likewise we maintain our commitment to reviewing older pesticides, ensuring they meet Food Quality Protection Act (FQPA) standards while at the same time working with growers and the agricultural industry to help make a smooth transition to

safer pesticides. In August 2002 we expect to meet our second statutory deadline for tolerance reassessments, completing an additional 2,527 and meeting the 66% of the 9,721 reassessments required in the law.

This budget request includes \$46 million for our new and existing chemicals programs. Chemicals are in all the products and services we enjoy in our daily lives. The \$14 million High Production Volume Chemical Challenge program aims to gather health and safety information for the public to make better informed choices. As part of the HPV voluntary program, 469 companies committed to provide basic information about 2,155 chemicals. The budget request of \$20 million will support partnerships with states and private industry on pollution prevention projects, reducing use or exposure to chemicals to reduce potential risks most especially those chemicals that persist in our environment, collect or bioaccumulate in our bodies, and have adverse or toxic effects in the environment and on human health.

In both the pesticide and the chemical programs we continue to place special emphasis on reducing potential risks to children and other vulnerable populations. Emerging science is focusing our attention on chemicals that may harm animal or human endocrine systems, and we are working with the scientific community to find ways to identify those chemicals as part of our endocrine disruptor program.

Let me mention here that the budget assumes no impediment to promulgating the final pesticide tolerance fee rule in 2002, and you will see that the request levels for the reregistration and the tolerance reassessment programs reflect that change, namely from a reregistration maintenance fee to a tolerance fee. These two critical programs are fully supported with \$52 million in appropriated funds if a new fee is in place in 2002 and we will be working with you on this issue over the coming months.

Sound Science

Environmental policy should always be based on the soundest information available. The role of environmental science has become more critical than ever in making policy decisions, thereby, improving our ability to sustain natural resources while maintaining public trust and the integrity of our world's ecosystem. Science has played a vital role in improving America's environment - from targeting priority chemicals concerns, better characterizing sources of pollution and designing control strategies. While we must also realize that science and public policy proceed along fundamentally different time lines, we will continue to use the best available science and scientific analyses to aid in the development of environmental policy.

EPA's FY 2002 President's budget supports a strong and rigorous research program. The FY 2002 request includes \$535 million for the Office of Research and Development (ORD), reflecting an increase of \$5 million compared to the FY 2001 request. This request will allow the Agency to support a research program focused on addressing key environmental concerns such as the health

effects of small particles in order to assure promulgation of standards that protect human health, and heightened interest in better addressing in Agency decisions the unique susceptibilities of children to potential environmental health threats. The Agency's request will also continue to support the Global Change research program focusing efforts on assessment activities examining the potential consequences of global change and climate variability on human health, air quality, water quality and ecosystem health.

In addition to supporting a strong intramural science program at the Agency, the FY 2002 request provides \$110 million for the Science to Achieve Results (STAR) program which includes competitively awarded grants and fellowships. The STAR program continues to successfully engage the best environmental scientists and engineers from academia through a variety of competitive, peer reviewed grants. In addition, the Agency will continue its highly successful Postdoctoral program to hire scientists and engineers who provide a dynamic infusion of intellectual energy and state-of-the-science expertise, as well as assist the Agency in addressing long range research workforce planning needs.

Civil Rights

The President's budget includes a \$3 million increase for civil rights activities at the agency. The increase is expected to address the backlog of pending discrimination complaints for both Title VI and VII complaints. I expect to announce by June 1 a comprehensive strategy for fully eliminating the Title VI (those complaints that concern possible acts of discrimination by recipients of federal funding), backlog within two years. In addition, Title VII complaints (complaints that concern possible acts of discrimination against individuals within the Agency) will be reviewed by a special case closure team. Our goal for Title VII complaints is to issue a final Agency determination on all backlogged cases by no later than the end of the year. Furthermore, this summer all 1,600 EPA supervisors and managers will attend a national civil rights training program. The Agency has contracted with the Equal Employment Opportunity Commission to provide this mandatory two-day course. I expect to be among the first to take the course. I pledge to personally monitor the progress in the civil rights arena.

Summary

Mr. Chairman and Members of the Committee, the President's FY 2002 Budget for EPA provides the resources and vision necessary to reach our Nation's environmental mission to protect the environment and human health. This budget represents this Administration's commitment to work with our environmental partners to develop innovative environmental programs that ensure stewardship of our land, air, and water for generations to come. This concludes my prepared statement. I would be pleased to answer any questions that you may have.